

QUARTERLY REPORT

LICENSEE: GREATER BAY HOTEL AND CASINO, INC.

FOR THE QUARTER ENDED SEPTEMBER 30, 2003

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY



BALANCE SHEETS

Amended

12/22/03

AS OF SEPTEMBER 30, 2003 AND 2002

(UNAUDITED)

(\$ IN THOUSANDS)

AMENDED

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 16,500	\$ 16,340
2	Short-Term Investments.....	-	-
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2003, \$6,598; 2002, \$12,406).*	4,402	5,371
4	Inventories.....	2,028	2,003
5	Prepaid Expenses and Other Current Assets..... Note 5	4,627	5,156
6	Total Current Assets.....	27,557	28,870
7	Investments, Advances, and Receivables.....	10,903	9,979
8	Property and Equipment - Gross..... Note 6	206,196	194,853
9	Less: Accumulated Depreciation and Amortization..... Note 6	(36,319)	(21,940)
10	Property and Equipment - Net..... Note 6	169,877	172,913
11	Other Assets.....	2,943	3,307
12	Total Assets.....	\$ 211,280	\$ 215,069
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable.....	\$ 4,592	\$ 4,627
14	Notes Payable.....	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates..... Notes 9, 11	17,000	4,500
16	Other..... Notes 9	-	22
17	Income Taxes Payable and Accrued..... Note 2	181	67
18	Other Accrued Expenses..... Note 7	10,541	10,246
19	Other Current Liabilities..... Note 8	2,719	3,233
20	Total Current Liabilities.....	35,033	22,695
	Long-Term Debt:		
21	Due to Affiliates..... Notes 9, 11	110,000	110,000
22	Other..... Note 9	-	336
23	Deferred Credits.....	-	-
24	Other Liabilities.....	3,655	3,374
25	Commitments and Contingencies		
26	Total Liabilities.....	148,688	136,405
27	Stockholders', Partners', Or Proprietor's Equity.....	62,592	78,664
28	Total Liabilities and Equity.....	\$ 211,280	\$ 215,069

The accompanying notes are an integral part of the financial statements.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
STATEMENTS OF INCOME

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
	Revenue:		
1	Casino.....	\$ 142,193	\$ 161,445
2	Rooms.....	8,530	8,665
3	Food and Beverage.....	16,802	18,300
4	Other.....	3,010	2,875
5	Total Revenue.....	170,535	191,285
6	Less: Promotional Allowances.....	38,663	38,662
7	Net Revenue.....	131,872	152,623
	Costs and Expenses:		
8	Cost of Goods and Services.....	92,599	102,923
9	Selling, General, and Administrative.....	25,931	27,645
10	Provision for Doubtful Accounts.....	858	1,253
11	Total Costs and Expenses.....	119,388	131,821
12	Gross Operating Profit.....	12,484	20,802
13	Depreciation and Amortization.....	10,926	9,578
	Charges from Affiliates Other than Interest:		
14	Management Fees.....	-	-
15	Other.....	-	-
16	Income (Loss) From Operations.....	1,558	11,224
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates	(8,788)	(8,399)
18	Interest (Expense) - External.....	(173)	(242)
19	Investment Alternative Tax and Related Income (Expense) - Net.....	(866)	(1,063)
20	Nonoperating Income (Expense) - Net.....	361	(915)
21	Total Other Income (Expenses).....	(9,466)	(10,619)
22	Income (Loss) Before Income Taxes And Extraordinary Items.....	(7,908)	605
23	Provision (Credit) for Income Taxes..... Note 2.....	615	825
24	Income (Loss) Before Extraordinary Items.....	(8,523)	(220)
	Extraordinary Items (Net of Income Taxes -		
25	2003, \$ - - ; 2002, \$ - -).....	-	-
26	Net Income (Loss).....	\$ (8,523)	\$ (220)

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
	Revenue:		
1	Casino.....	\$ 48,907	\$ 53,921
2	Rooms.....	3,115	2,870
3	Food and Beverage.....	6,627	6,083
4	Other.....	1,047	897
5	Total Revenue.....	59,696	63,771
6	Less: Promotional Allowances.....	13,655	13,974
7	Net Revenue.....	46,041	49,797
	Costs And Expenses:		
8	Cost of Goods and Services.....	32,382	34,139
9	Selling, General, and Administrative.....	9,761	9,532
10	Provision for Doubtful Accounts.....	170	341
11	Total Costs and Expenses.....	42,313	44,012
12	Gross Operating Profit.....	3,728	5,785
13	Depreciation and Amortization.....	3,822	3,315
	Charges from Affiliates Other than Interest:		
14	Management Fees.....	-	-
15	Other.....	-	-
16	Income (Loss) From Operations.....	(94)	2,470
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....	(2,949)	(2,881)
18	Interest (Expense) - External.....	(54)	(77)
19	Investment Alternative Tax and Related Income (Expense) - Net...	(291)	(461)
20	Nonoperating Income (Expense) - Net.....	181	76
21	Total Other Income (Expenses).....	(3,113)	(3,343)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	(3,207)	(873)
23	Provision (Credit) for Income Taxes..... Note 2.....	272	193
24	Income (Loss) Before Extraordinary Items.....	(3,479)	(1,066)
25	Extraordinary Items (Net of Income Taxes - 2002, \$ - - ; 2001, \$ - -).....	-	-
26	Net Income (Loss).....	\$ (3,479)	\$ (1,066)

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002 AND THE NINE MONTHS ENDED SEPTEMBER 30, 2003

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)		Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2001	100	\$ -		\$	89,659	\$	(10,775)	\$ 78,884
2	Net Income (Loss) -							(7,769)	(7,769)
3	Contribution to Paid-in-Capital								
4	Dividends.....								
5	Prior Period Adjustments.....								
6									
7									
8									
9									
10	Balance, December 31, 2002.....	100	\$ -			89,659		(18,544)	71,115
11	Net Income (Loss) - 2003.....							(8,523)	(8,523)
12	Contribution to Paid-in - Capital.....								
13	Dividends.....								
14	Prior Period Adjustments.....								
15									
16									
17									
18									
19	Balance, September 30, 2003.....	100	\$ -		\$	89,659	\$	(27,067)	\$ 62,592

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
STATEMENTS OF CASH FLOWS
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ (615)	\$ 11,277
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities.....	-	-
3	Proceeds from the Sale of Short-Term Investment Securities.....	-	-
4	Cash Outflows for Property and Equipment.....	(10,615)	(12,728)
5	Proceeds from Disposition of Property and Equipment.....	110	79
6	Purchase of Casino Reinvestment Obligations.....	(1,714)	(1,995)
7	Purchase of Other Investments and Loans/Advances made.....	-	-
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....	-	213
9	Cash Outflows to Acquire Business Entities (net of cash acquired).....	-	-
10		
11		
12	Net Cash Provided (Used) By Investing Activities.....	(12,219)	(14,431)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt.....	10,500	-
14	Payments to Settle Short-Term Debt.....	-	-
15	Cash Proceeds from Issuance of Long-Term Debt.....	-	-
16	Costs of Issuing Debt.....	-	-
17	Payments to Settle Long-Term Debt.....	-	(13)
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	-	-
19	Purchases of Treasury Stock.....	-	-
20	Payments of Dividends or Capital Withdrawals.....	-	-
21		
22		
23	Net Cash Provided (Used) By Financing Activities.....	10,500	(13)
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	(2,334)	(3,167)
25	Cash And Cash Equivalents At Beginning Of Period.....	18,834	19,507
26	Cash And Cash Equivalents At End Of Period.....	\$ 16,500	\$ 16,340

	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized).....	\$ 12,100	\$ 12,127
28	Income Taxes.....	\$ 463	\$ 1,550

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL AND CASINO

**SCHEDULE OF PROMOTIONAL
EXPENSES AND ALLOWANCES**

(\$ IN THOUSANDS)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003

Amended

12/22/03

AMENDED

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	246,339	\$ 6,324		\$
2	Food	376,062	5,800		
3	Beverage	1,854,994	3,641		
4	Travel			1,884	470
5	Bus Program Cash	548,747	9,127		
6	Other Cash Complimentaries	248,801	13,014		
7		10,186	459		
8	Retail & Non-Cash Gifts			515,496	3,323
9	Parking			246,420	369
10	Other	43,922	298		
11	Total	3,329,051	\$ 38,663	763,800	\$ 4,162

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2003

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	92,024	\$ 2,226		\$
2	Food	145,963	2,177		
3	Beverage	641,545	1,405		
4	Travel			542	165
5	Bus Program Cash	200,854	3,142		
6	Other Cash Complimentaries	77,283	4,399		
7	Entertainment	4,239	194		
8	Retail & Non-Cash Gifts			225,089	1,408
9	Parking			100,137	150
10	Other	14,010	112		
11	Total	1,175,918	\$ 13,655	325,768	\$ 1,723

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2003 AND 2002

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2003 (c)	2002 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	\$ (8,523)	\$ (220)
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment....	10,357	9,014
31	Amortization of Other Assets.....	569	564
32	Amortization of Debt Discount or Premium.....	-	-
33	Deferred Income Taxes - Current.....	-	-
34	Deferred Income Taxes - Noncurrent.....	-	(385)
35	(Gain) Loss on Disposition of Property and Equipment.....	(104)	1,256
36	(Gain) Loss on Casino Reinvestment Obligations.....	866	1,063
37	(Gain) Loss from Other Investment Activities.....	-	-
	Net (Increase) Decrease in Receivables and Patrons'		
38	Checks.....	598	3,540
39	Net (Increase) Decrease in Inventories.....	(177)	428
40	Net (Increase) Decrease in Other Current Assets.....	(588)	(1,730)
41	Net (Increase) Decrease in Other Assets.....	(9)	1
42	Net Increase (Decrease) in Accounts Payable.....	(1,007)	(2,216)
	Net Increase (Decrease) in Other Current Liabilities		
43	Excluding Debt.....	(2,874)	(466)
	Net Increase (Decrease) in Other Noncurrent Liabilities		
44	Excluding Debt.....	277	428
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ (615)	\$ 11,277

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment.....	\$ 10,615	\$ 12,728
49	Less: Capital Lease Obligations Incurred.....	-	-
50	Cash Outflows For Property And Equipment.....	\$ 10,615	\$ 12,728
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....	\$	\$
52	Goodwill Acquired.....		
53	Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment.....		
54	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	Cash Outflows To Acquire Business Entities.....	\$ -	\$ -
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions.....	\$ -	\$ -
58	Less: Issuances to Settle Long-Term Debt.....	-	-
59	Consideration in Acquisition of Business Entities.....	-	-
60	Cash Proceeds From Issuing Stock Or Capital Contributions.....	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

GB HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(1) Organization, Business and Basis of Presentation

The condensed consolidated financial statements include the accounts of Grete Bay Hotel and Casino and Subsidiaries ("Sands" or the "Company"). All significant interCompany transactions and balances have been eliminated in consolidation. In management's opinion, all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the condensed consolidated financial position as of September 30, 2003 and the condensed consolidated results of operations for the three and nine months ended September 30, 2003 and 2002 have been made. The results set forth in the condensed consolidated statement of operations for the nine months ended September 30, 2003 are not necessarily indicative of the results to be expected for the full year.

The financial statements were prepared following the requirements of the Casino Control Commission ("CCC") for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by GAAP (accounting principles generally accepted in the United States of America) can be condensed or omitted.

(2) Income Taxes

The components of the (provision) benefit for income taxes are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Federal income tax (provision) benefit:				
Current	\$ -	\$ 417,000	\$ -	\$ (215,000)
Deferred	-	-	-	-
State income tax (provision) benefit:				
Current	(272,000)	(610,000)	(615,000)	(610,000)
Deferred	-	-	-	-
	<u>\$ (272,000)</u>	<u>\$ (193,000)</u>	<u>\$ (615,000)</u>	<u>\$ (825,000)</u>

Federal and State income tax benefits or provisions are based upon the results of operations for the current period and the estimated adjustments for income tax purposes of certain nondeductible expenses.

GREATE BAY HOTEL AND CASINO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) **(Unaudited)**

Due to recurring losses, the Company has not recorded a Federal income tax benefit for the nine months ended September 30, 2003. Management is unable to determine that realization of the Company's deferred tax assets are more likely than not, and thus has provided a valuation allowance for the entire amount.

On July 1, 2003, the State of New Jersey enacted certain legislation that established a 7.5% tax on a casino's calendar year 2002 adjusted net income, as defined in the legislation (the "Casino Income Tax"). The Casino Income Tax is payable annually at a minimum of \$350,000 per casino from July 2003 through and including June 2006. Since Greate Bay Hotel and Casino, Inc. ("Operating") operated at an adjusted net loss in 2002, it is subject to the minimum annual Casino Income Tax. This tax is payable in equal quarterly installments of \$87,500. Casinos can receive a portion of this amount in the form of a distribution from the Casino Reinvestment Development Authority ("CRDA") for approved capital construction projects. Eligible projects include expansions that "increase the square footage of retail space, parking spaces, or hotel rooms or to create a significant physical amenity or improvement."

The State income tax provision of \$272,000 and \$615,000 for the three and nine months ended September 30, 2003, respectively, is a combination of applying the statutory Alternative Minimum Assessment rate of 0.4% to gross receipts, as defined in the Business Tax Reform Act (\$184,200 and \$610,000 for the three months ended September 30, 2003 and 2002, respectively and \$527,000 and \$610,000 for the nine months ended September 30, 2003 and 2002, respectively) and one-quarter of the minimum Casino Income Tax (\$87,500).

(3) Transactions with Related Parties

Operating's rights to the trade name "Sands" (the "Trade Name") are derived from an agreement between Cyprus LLC and Larch LLC (collectively, "High River") and an unaffiliated third party. High River is controlled by Carl C. Icahn. Operating was assigned by High River the rights under a certain agreement with the owner of the Trade Name to use the Trade Name as of September 29, 2000 through May 19, 2086 subject to termination rights for a fee after a certain minimum term. High River received no payments for its assignment of these rights. Amounts payable by Operating for these rights were equal to the amounts paid to the unaffiliated third party. Payment is made directly to the owner of the Trade Name. Such charges amounted to \$203,000 and \$212,000, respectively, for the nine months ended September 30, 2003 and 2002 and \$73,000 and \$68,000, respectively, for the three months ended September 30, 2003 and 2002.

The Stratosphere Casino Hotel & Tower (the "Stratosphere"), an entity controlled by Carl C. Icahn, allocates a portion of certain executive salaries, including the salary of Richard P. Brown, as well as other charges for tax preparation, legal fees, travel and entertainment to Operating. Payments for such charges incurred from the Stratosphere for the three and nine months ended September 30, 2003 amounted to \$35,000 and \$143,000, respectively. There were no similar charges for the nine months ended September 30, 2002.

On February 28, 2003, Operating entered into a two year agreement with XO New Jersey, Inc. a long-distance phone carrier controlled by Carl C. Icahn. The agreement can be extended beyond the minimum two year term on a month-to-month basis. Payments for such charges

12/22/03

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

incurred for the three and nine months ended September 30, 2003 amounted to \$43,000 and \$48,000, respectively.

(4) Legal Proceedings

Tax appeals on behalf of the Company and the City of Atlantic City challenging the amount of the Company's real property assessments for tax years 1996 through 2003 are pending before the NJ Tax Court.

In 2001, the Company discovered certain failures relating to currency transaction reporting and self-reported the situation to the applicable regulatory agencies. The Company conducted an internal examination of the matter and the New Jersey Division of Gaming Enforcement conducted a separate review. The Company has revised internal control processes and taken other measures to address the situation. In May 2003, the Company was advised by the Department of the Treasury that it will not pursue a civil penalty.

On February 26, 2003, the Company received a letter from counsel for Mr. Frederick H. Kraus, Executive Vice President, General Counsel and Secretary, indicating that he had been retained to represent Mr. Kraus "in regards to a constructive discharge, breach of contract, severance pay" and other claims. This matter was amicably resolved in July 2003.

The Company is a party in various legal proceedings with respect to the conduct of casino and hotel operations and has received employment related claims. Although a possible range of losses cannot be estimated, in the opinion of management, based upon the advice of counsel, the Company does not expect settlement or resolution of these proceedings or claims to have a material adverse impact upon the consolidated financial position or results of operations of the Company, but the outcome of litigation and the resolution of claims is subject to uncertainties and no assurances can be given. The accompanying condensed consolidated financial statements do not include any adjustments that might result from these uncertainties.

(5) Prepaid Expenses and Other Current Assets (AMENDED)

Prepaid expenses and other current assets consisted of the following:

	September 30,	
	2003	2002
Prepaid Federal Income Taxes	\$ 1,359,000	\$ 1,144,000
Prepaid insurance	942,000	1,994,000
Prepaid slot license fee	817,000	915,000
Other current assets	1,509,000	1,103,000
	\$ 4,627,000	\$ 5,156,000

GREATE BAY HOTEL AND CASINO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

(6) Property and Equipment

Property and equipment consisted of the following:

	September 30,	
	2003	2002
Land	\$ 54,343,000	\$ 54,814,000
Buildings and improvements	92,747,000	91,720,000
Operating equipment	57,789,000	42,595,000
Construction in progress	1,317,000	5,724,000
	206,196,000	194,853,000
Less: accumulated depreciation and amortization	(36,319,000)	(21,940,000)
Net property and equipment	<u>\$ 169,877,000</u>	<u>\$ 172,913,000</u>

(7) Other Accrued Expenses

Other accrued expenses consisted of the following:

	September 30,	
	2003	2002
Accrued wages	\$ 1,323,000	\$ 1,204,000
Accrued vacation	1,556,000	1,321,000
Accrued regulatory fees	854,000	695,000
Other accrued expenses	6,808,000	7,026,000
	<u>\$ 10,541,000</u>	<u>\$ 10,246,000</u>

(8) Other Current Liabilities

Other current liabilities consisted of the following:

	September 30,	
	2003	2002
Unredeemed gaming chips	\$ 577,000	\$ 427,000
CRDA bonds payable	597,000	655,000
Other current liabilities	1,545,000	2,151,000
	<u>\$ 2,719,000</u>	<u>\$ 3,233,000</u>

GREATER BAY HOTEL AND CASINO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) (Unaudited)

(9) Long-Term Debt

Long-term debt is comprised of the following:

	September 30,	
	2003	2002
Due to GB Property Funding	\$ 110,000,000	\$ 110,000,000
Due to Holdings	17,000,000	4,500,000
Other	-	358,000
Total indebtedness	127,000,000	114,858,000
Less - current maturities	(17,000,000)	(4,522,000)
Total long-term debt	<u>\$ 110,000,000</u>	<u>\$ 110,336,000</u>

(10) New Accounting Pronouncement

On January 1, 2003, the Company adopted FAS No. 143, "Asset Retirement Obligations" ("FAS No. 143"), which provides the accounting requirements for retirement obligations associated with tangible long-lived assets. This statement requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. The adoption of FAS No. 143 did not have any impact on the Company's condensed consolidated financial statements.

(11) Subsequent Events

On July 14, 2003, a Form 8-K was filed with the Securities and Exchange Commission ("SEC") reporting that a committee of the independent directors of GB Holdings, Inc. approved a proposed restructuring of the GB Property Funding Corp.'s \$110 million notes due September 29, 2005 that bear interest at 11% (the "Existing Notes"), together with various other corporate changes to be accomplished in connection with the proposed restructuring.

In connection with the foregoing, on November 13, 2003, Atlantic Coast Entertainment Holdings, Inc. ("Atlantic"), a newly formed wholly owned subsidiary of the Company, filed with the SEC, a Registration Statement on Form S-4 (which contains a preliminary prospectus), under the Securities Act of 1933, as amended (the "Securities Act"), to transfer substantially all of the assets of the Company to Atlantic and the registration of certain securities to be issued to the stockholders of GB Holdings, Inc. and, also on such date, Atlantic and ACE Gaming, LLC, a newly formed wholly owned subsidiary of Atlantic, filed with the SEC, a Registration Statement on Form S-4 under the Securities Act, with respect to a consent solicitation and exchange offer with respect to the Existing Notes. Neither of such Registration Statements have been declared effective. GB Holdings, Inc. and Atlantic also filed with the SEC a schedule 13e-3, under the Securities and Exchange Act of 1934, with respect to such transactions.

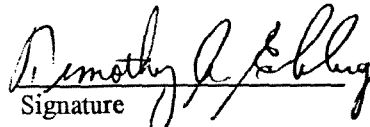
GREATER BAY HOTEL AND CASINO, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Unaudited)

On November 12, 2003, the GB Property Funding Corp. ("Funding"), a wholly owned subsidiary of GB Holdings, Inc. and the Company announced that they have filed an application to voluntarily delist the Existing Notes from trading on the American Stock Exchange ("Amex") and have asked Amex to suspend trading of the Notes if and at the time that the SEC grants the application to withdraw the Existing Notes from listing. At this time, GB Holdings, Inc., Funding, and the Company do not know whether the SEC will grant the application and if it does, when that will occur.

STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.


Signature
Timothy A. Ebling
Executive Vice President,
Chief Financial Officer
Title

003052-11
License Number

On Behalf Of:

Greate Bay Hotel And Casino, Inc.
Casino Licensee